

IRS provides automatic penalty relief to most people and businesses who file certain 2019 and 2020 returns late

To qualify for this relief, any eligible income tax return must be filed on or before September 30, 2022.



To help struggling taxpayers affected by the COVID-19 pandemic, the Internal Revenue Service issued **Notice 2022-36**, which provides penalty relief to most people and businesses who file certain 2019 or 2020 returns late.

- › **The IRS is also taking an additional step to help those who paid these penalties already.** Nearly 1.6 million taxpayers will automatically receive more than \$1.2 billion in refunds or credits. Many of these payments will be completed by the end of September. Most refunds will be by paper check in the mail.
- › **Penalty relief is automatic.** This means that eligible taxpayers do not need to apply for it. If already assessed, penalties will be abated. If already paid, the taxpayer will receive a credit or refund.
- › **The relief applies to the failure to file penalty.** The penalty is typically assessed at a rate of 5% per month up to 25% of the unpaid tax when a federal income tax return is filed late. This relief applies to forms in both the Form 1040 and 1120 series, as well as others listed in **Notice 2022-36**, posted on IRS.gov.
- › **The IRS is also providing penalty relief to businesses required to file various information returns, such as those in the 1099 series.** To qualify for relief, the notice states that eligible 2019 returns must have been filed by August 1, 2020, and eligible 2020 returns must have been filed by August 1, 2021. Because both of these deadlines fell on a weekend, a 2019 return will still be considered timely for purposes of relief provided under the notice if it was filed by August 3, 2020, and a 2020 return will be considered timely for purposes of relief provided under the notice if it was filed by August 2, 2021. The notice provides details on the information returns that are eligible for relief.
- › **The notice also provides details on relief for certain international information return penalties that are assessed systemically or during return processing.** This relief does not apply if the penalty was assessed as part of an examination. To qualify, any eligible tax return must be filed on or before September 30, 2022.
- › **Penalty relief is not available in some situations.** Penalties imposed with respect to a fraudulent return, penalties included in an accepted offer in Compromise, penalties included in a closing agreement, or penalties finally determined by a court do not receive relief. For details, see **Notice 2022-36**, available on IRS.gov.
- › **This relief is limited to the penalties that the notice specifically states are eligible for relief.** Other penalties, such as the failure to pay penalty, are not eligible. But for these ineligible penalties, taxpayers may use existing penalty relief procedures, such as applying for relief under the **reasonable cause** criteria or the **First Time Abate** program.

Visit **IRS.gov/penaltyrelief** for details.